

# OFFICE OF CONSUMER PROTECTION

ANNUAL REPORT

FY 2009



***Ensuring Integrity  
in our Marketplace***

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## ABOUT THE OFFICE OF CONSUMER PROTECTION

OCP investigates and resolves thousands of written complaints each year involving automotive sales and repairs, new home construction, home improvements, credit and financial issues, retail sales, advertising, internet services and many other consumer transactions. We enforce several consumer protection laws and have the authority to execute settlement agreements, issue civil citations and subpoenas, conduct administrative hearings, and initiate legal action through the County Attorney.

OCP also licenses new home builders, auto repair shops, towers, appliance repair firms, and secondhand property dealers.

New and renewal applications for new home builders are reviewed by a Builder's Board of Registration. This Board is

comprised of 5 volunteer members appointed by the County Executive and confirmed by the County Council, and represents the interests of consumers and the residential construction industry.

*The mission of the Office of Consumer Protection is to enforce consumer protection laws prohibiting unfair and deceptive business acts or practices in order to ensure a fair marketplace for consumers and businesses. Activities include complaint resolution, law enforcement, education, legislation, advocacy, licensing, and outreach.*



**Operations Administrator  
Marsha Carter**

# MESSAGE FROM MONTGOMERY COUNTY EXECUTIVE ISIAH LEGGETT



President Barack Obama and members of Congress have called for the creation of a new federal Consumer Financial Protection Agency to address widespread concerns in our marketplace regarding financial products. Federal legislation was recently enacted regarding deceptive credit card practices.

Consumer protection was consistently on the front pages of the news this past year. We are fortunate in Montgomery County to have a local consumer protection office to address the needs of our residents and to collaborate with state and federal agencies. In addition to resolving individual consumer disputes and ensuring integrity in our marketplace, the Office of Consumer Protection (OCP) interacts with other regulatory agencies and with elected officials to promote changes in our marketplace which will benefit both consumers and businesses.

I am proud to report once again that the Office of Consumer Protection is the recipient of a National Association of Counties Achievement Award this year. OCP worked with the Police Department to create an online training video for police officers who may be the first to respond to a situation involving a consumer dispute.

My administration is dedicated to providing responsive and accountable government services which contribute to a strong and vibrant economy and vital living for all residents. OCP has worked hard this year, despite limited resources, to meet these standards. I look forward to addressing the challenges in the coming year.

A handwritten signature in cursive script that reads "Isiah Leggett".

Ike Leggett  
County Executive





**Investigator John Lewis (right) stands with consumers who worked with OCP to get the refund they deserved.**

## COMPLAINT RESOLUTION

*Costly Auto Repairs: Residents of Montgomery County who experienced problems getting their cars properly repaired benefited greatly thanks to the technical expertise of OCP staff. In FY 2009, OCP hired an investigator who is an ASE certified automotive technician. His credentials and vast mechanical knowledge enabled OCP to investigate and negotiate resolutions to repair complaints saving consumers thousands of dollars.*

### **Repair Damage**

A Rockville consumer took her car to a tire store for 4 new tires. The merchant initially told her that 2 of the wheels onto which the new tires were mounted were previously cracked, and that the consumer would therefore also have to purchase 2 new wheels. The consumer suspected that the tire store actually damaged the wheels while they were trying to install the new tires. After extensive inspection and measurement by OCP's auto expert, we were able to document that the damage to the wheels was, in fact, caused by the tire store. The merchant's insurance carrier sent an adjustor who reviewed the evidence prepared by OCP's expert and concurred with our findings. This resulted in a full refund to the consumer, including towing charges. The consumer happily received a refund check of over \$500 for charges she should not have paid, thanks to the ability of OCP to render technical assistance.

### **Engine Overheated**

A Rockville consumer's engine overheated and caused the engine to fail on a vehicle that was only 4 years

old. The manufacturer initially declined to replace the engine under warranty, taking the position that the coolant overflow bottle contributed to the engine failure, and that the warranty coverage had expired on that part. The consumer's position was that he had properly maintained the vehicle, and that the coolant overflow bottle was not the primary cause of the engine failure. OCP's auto expert inspected the vehicle and consulted with the dealership's service manager and the manufacturer's representative. Based upon these discussions, the manufacturer agreed to cover the cost of a new engine, thus saving the consumer \$4,779 in repair charges.

### **Runaway Wheel**

A Silver Spring consumer brought his car to a national chain repair shop to rotate the tires and align the front end. While driving home from the repair shop, the left rear wheel fell off the car. Luckily, the consumer was not injured, and the vehicle was towed back to the repair shop where the problem was supposedly repaired. However, the consumer noticed that the vehicle did not operate properly and took the car to a dealership for inspection. The dealership identified that 11 items were, in fact, damaged by the impact of having the wheel come off while driving, and it cost the consumer \$1,458 to have the dealership repair all of the damage. The national chain repair shop initially declined to reimburse the consumer for the repairs made by the dealership. However, OCP's auto expert was able to intercede and the repair shop did reimburse the consumer in full.

# LEGAL ACTION

*OCP initiates legal action in order to ensure integrity in our marketplace. OCP has the authority to enter into Settlement Agreements, compel the attendance of witnesses and the production of documents, conduct administrative hearings, issue civil citations, and file legal action in court through the County Attorney's office when a merchant is in violation of the Consumer Protection Act or the other laws administered by OCP. The following legal actions were taken in FY '09.*

## Door-to-Door Water Treatment Scam

OCP received complaints from Spanish-speaking consumers in Silver Spring who reported that salespeople knocked on their doors claiming to be County government inspectors there to test the drinking water in their homes. Upon investigation, OCP determined that these individuals were unlicensed door-to-door vendors selling water treatment systems costing thousands of dollars. In addition, the water treatment systems they sold were later installed by unlicensed plumbers.

The salespeople appeared to target Spanish-speaking consumers, telling them that they were government employees there to test their drinking water as a result of a recent water main break. After "testing" the water, the sales people told residents that the tests showed that their drinking water was unsafe and advised that they should purchase a water treatment system. The sellers also provided financing contracts to the consumers requiring the consumers to make monthly payments and incur interest charges.

OCP entered into Settlement Agreements with the manufacturer and with the local distributor. The water treatment systems were removed and refunds were provided to the consumers. The finance companies agreed to refund deposits and cancelled the finance contracts. In addition, the manufacturer and the local distributor paid a fine to Montgomery County.

## Rogue Appliance Repair Firm

OCP filed a contempt of court action against an unlicensed appliance repair firm when the



**Investigator John Creel (left) hands a consumer a refund collected as a result of OCP action.**

merchant failed to comply with an Abatement Order prohibiting the merchant from performing repairs in Montgomery County until the firm received a license. OCP had previously issued Civil Citations against this merchant after receiving complaints from consumers.

Consumers from Silver Spring, Rockville, Bethesda and Takoma Park alleged that the merchant misrepresented himself and his firm by claiming to be an authorized Maytag repair business when, in fact, the merchant is not a factory authorized repair business for Maytag or Whirlpool appliances. In addition, the consumers stated the merchant was paid to perform repairs which he did not complete.

Each consumer paid between \$158 and \$442 for repairs. In one case, the consumer subsequently discovered that the repair was covered by the manufacturer's warranty and no payment should have been required.

## Deceptive Auto Advertising

OCP entered into separate Settlement Agreements with 5 car dealerships and an advertising agency regarding deceptive advertising. These merchants agreed to stop using deceptive advertisements regarding sales prices and prize offers.

These Settlement Agreements provided that the merchants would stop listing misleading sale prices as part of any advertising campaign. These settlements resulted from advertisements in which deceptively low sales prices were offered which, in fact, required the consumer to make a large down payment in order to purchase the vehicle at the advertised price. This type of deceptive advertising, commonly known as "balance advertising" or "asterisk advertising," is designed to give the false impression of low prices.

These agreements also provided that the merchants would stop using misleading prize offers as part of any advertising campaign. These settlements resulted from advertisements in which consumers were offered "prizes" to visit dealerships. Some advertisements misled consumers into believing they had won \$150 or \$300 worth of gas when, in fact, the consumers would have to first purchase gas and file multiple claims in order to receive anything of value.

OCP worked with the Maryland Motor Vehicle Administration to address these industry-wide concerns.

# COUNCIL COLLABORATION



In Fiscal Year 2009, OCP continued to make progress in administering the several new laws enacted in FY 2008 by the County Executive and the County Council. OCP revised its office brochure to provide information about our core mission to prohibit deceptive trade practices in consumer transactions and to reflect our new duties regarding energy and environmental advocacy, domestic workers, property tax disclosure and new home sales contracts.

**Montgomery County Council: Standing, left to right: Mike Knapp, Nancy Navarro, George Leventhal, Vice President Valerie Ervin and Marc Elrich. Seated (L to R): President Nancy Floreen, Roger Berliner, Phil Andrews and Duchy Trachtenberg.**

## ENERGY & ENVIRONMENT REPORT

OCP issued its first annual report specifically regarding the action taken in Fiscal Year 2009 regarding energy and environmental advocacy. This report contained information about OCP's start-up activities, cases before the Public Service Commission, and webpage based information regarding home utility usage and cost disclosures.

## ADVISORY COMMITTEE ON CONSUMER PROTECTION

OCP receives guidance and assistance from the Advisory Committee on Consumer Protection. The Advisory Committee, which meets monthly, consists of 9 volunteer members reflecting a cross-section of consumer and business interests. The members are appointed by the County Executive and confirmed by the County Council.

In FY 2009 the Advisory Committee organized a public forum entitled, "Car Buying/Ownership in a Changing Economy." Topics included the new federal legislation, the Cash for Clunkers program, tax deductions for excise tax, financing options, bankruptcies and

dealership closings, lemon law and repossession issues and auto buying tips.

County Executive Leggett provided opening remarks and Maryland Attorney General Doug Gansler participated. The forum was moderated by automotive writer Warren Brown and included a panel of experts from the Federal Trade Commission, Senator Barbara Mikulski's office, the Maryland and District of Columbia Credit Union Association, the Washington Area New Auto Dealers Association, the Maryland Consumer Rights Coalition, and OCP.

## LEGISLATIVE ADVOCACY

OCP joined Congressman Chris Van Hollen (left), State Delegate Bill Frick (right), the Maryland Consumer Rights Coalition, and consumers in a press conference calling for the passage of the Credit Cardholders' Bill of Rights Act. This joint press event urged the passage of federal legislation to restore fairness and end abusive practices related to credit card policies and fees. OCP highlighted a complaint in which the credit card issuing bank attempted to retroactively raise the interest rate

on a consumer's balance by relying upon the fine-print in their credit card agreement that claimed the bank could change the rules at any time. OCP Director Eric Friedman is pictured center.



## COMMISSION ON COMMON OWNERSHIP COMMUNITIES (CCOC)

OCP provides staffing and other assistance to the Commission on Common Ownership Communities (CCOC), the County's resource and advocate for those citizens who live in condominiums, homeowner associations, and cooperatives. The CCOC also resolves disputes between the members of these associations and their governing bodies.

The 15 members of the CCOC are appointed by the County Executive and represent all sectors of the common ownership community world—residents, managers, real estate professionals, attorneys, and boards of directors. They are all volunteers.

By the end of Fiscal Year 2009, 961 communities and over 122,000 homes were registered with CCOC.

In FY '09, the CCOC received 86 formal complaints. Most cases are

resolved by agreements reached between the parties themselves with assistance from the staff, but the CCOC itself also conducted 20 public hearings in disputes that the parties were unable to resolve. The CCOC works closely with the Conflict Resolution Center of Montgomery County, which provided mediators in 32 of the disputes.

CCOC and its staff also provide information regarding common ownership community issues. In FY 2009, the staff responded to over 800 inquiries and commissioners spoke to several communities. The CCOC also produced 3 excellent newsletters on common ownership issues, and hosted an annual forum that, for the first time, brought together representatives of the communities and representatives of all of the County agencies that regulate them. Its website contains

information on relevant laws and important CCOC decisions, as well as a manual of operations for community board members.

The CCOC also serves as an advocate for communities on public policy issues. In that role it filed formal written comments on the Department of Fire and Rescue Services (DFRS) proposed revised regulation on inspection fees. CCOC members later met with DFRS leaders on these and related issues. Along with staff, the CCOC submitted draft legislation to County Executive Leggett to improve the statute under which the CCOC operates, Chapter 10B of the County Code. The County Executive has sent the legislation on to the County Council for its consideration.



# COUNTYSTAT PERFORMANCE MEASURES

County Executive **Isiah Leggett** has stated that residents of Montgomery County "...have the right to expect every County department and employee to be responsive and accountable for every aspect of the services they are providing." To accomplish this goal, the County Executive and Chief Administrator **Tim Firestine** introduced the 'CountyStat' program, to provide a mechanism for all departments to better monitor and measure their performance.

In response to the CountyStat initiative, OCP worked closely with the CountyStat office to formulate new performance measures which better measure the results of OCP activity. Two key performance measures are illustrated below.

## OCP AT A GLANCE

### Administration

Budget	\$2.6 million
Total Employees	20
Volunteer Hours	2,500

### Consumer Complaints

Written Complaints	1,840
Informational Calls	11,740
Restitution	\$626,728

### Customer Service

Likely to Use OCP Services Again	82%
Satisfied with Speed of Resolution	88%
Satisfied with Level of Expertise	92%

### OCP in the Media

Media Communications	54
Press Releases	12

### OCP Outreach

Speeches	60
Audience	7,553
Public Forums	2

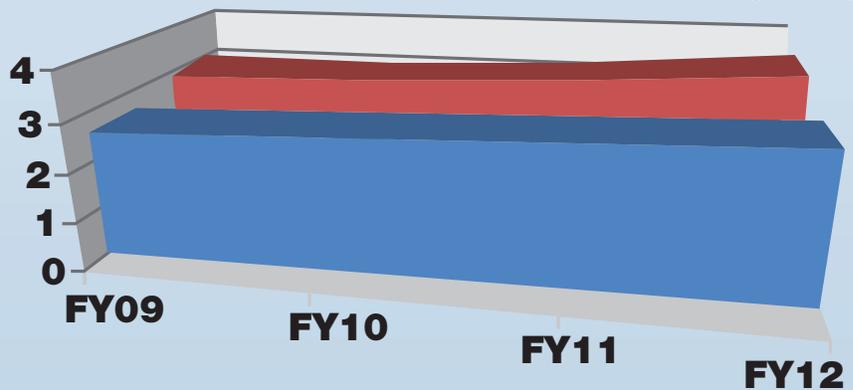
### OCP Law Enforcement

Settlement Agreements	28
Citations & Criminal Charges	36

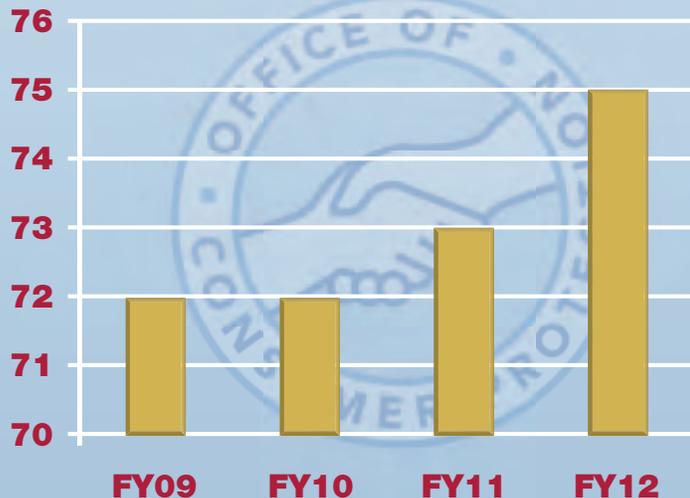
## FY09 Actuals & FY10-FY12 Projections

### Average OCP Customer Satisfaction Rating (1-to-4):

*Outcome of Investigation (Blue)*  
*Manner of Investigation (Red)*



### Percentage of Requested Restitution Received



# COMMUNITY OUTREACH & MEDIA COVERAGE

*OCP's ability to educate consumers and effect change in the marketplace is greatly enhanced by the extent to which we can communicate with consumers through the media. OCP seeks to inform residents about what we are doing and effectively warn consumers about current scams.*

## New Cable TV Show

OCP staff began working with the County Council Office to produce a new cable TV show called "Consumer Compass." This show is designed to showcase consumer related issues. Episodes of this quarterly show have featured information about trespass towing, household moving companies, landscaping firms, firewood sales, identity theft, auto maintenance, and various OCP outreach activities. This show provides another opportunity for our staff to provide valuable information to help consumers avoid problems.

## Seminar for Seniors

OCP participated in the award-winning and well attended Elder Law Series hosted by the Holiday Park Multiservice Senior Center in Wheaton. The Elder Law Series included seven individual seminars that addressed legal and financial issues impacting the 55 and older population. The series is designed as a learning tool to empower older adults, their adult children and providers of services to mature adults. OCP teamed up with State's Attorney John McCarthy to present a joint seminar on how to prevent the financial exploitation of seniors.

## Helping Businesses Avoid Scams

OCP took action to warn County businesses and organizations not to be fooled by email messages they may have received which stated that they had been selected to win an award. These email messages were, in fact, deceptive solicitations seeking payment for worthless awards.

These "vanity award scams" are one of several common schemes that target legitimate businesses and organizations nationwide. A County organization reported that it had received a suspicious email message requesting payment to receive a plaque commemorating its prestigious award.

OCP found that the sender of these messages was operating out of a local mail drop, maintained no telephone number, and appeared to be soliciting payments for a plaque regarding a meaningless award.

When these familiar scams pop up in Montgomery County, OCP attempts to get the word out to our local businesses and organizations not to fall prey to such deception. OCP works closely with the regional service centers and the Chambers of Commerce to learn what is going on in Montgomery County so that we can respond quickly.



**Maryland Attorney General Doug Gansler speaks at a community forum on auto ownership in a changing economy. OCP served on the panel which fielded questions from the public.**





# AWARDS & REWARDING FEEDBACK

Peggie Broberg holds an award from Maryland Governor Martin O'Malley for "excellence and outstanding contributions in the field of aging and quality of life for seniors." Presenting the award on May 12, 2009 was Lt. Governor Anthony G. Brown (center), and, also on hand to congratulate Peggy was former longtime OCP employee Emma Beavers (left).

This year, OCP again was one of several County Agencies to win an award from the National Association of Counties. This achievement award was in recognition of OCP's online training video for Police officers.

This online training program, coordinated through the Police Training Academy, provides police officers with enhanced information regarding disputes in which consumer protection transactions may result in the threat or fear of personal injury. This training video provides police officers training on consumer protection laws in eight different subject areas:

- Trespass Towing
- "Curbstoners:" Unlicensed Auto Sales
- Unlicensed Home Improvement Contractors
- Moving Companies
- Unlicensed Auto Repair
- Door to Door Sales
- Street Vendors
- Refund policies
- Gray Market Items

This Consumer Protection Online Training Course for Police Officers gives officers the knowledge and skills they need to be successful first responders on consumer protection related calls. Officers can quickly diffuse the situation, tell the parties what laws relate to the matter, and direct the parties to resources for more information.



"As a citizen of Montgomery County, I deeply appreciate the work your office does."

- A federal judge  
02/03/09

"Investigator Joy Matthews is thorough, courteous, reliable, reachable, and indefatigable on behalf of her clients."

- J.N. Bethesda  
06/19/09

"This department shows that the county government actively cares about its citizens."

- M.B. Rockville  
05/22/09

# OCP SPOTLIGHT

**Nellie Miller, Investigator**, has been with OCP for many years. In addition to her notable service as an investigator, she has served as the volunteer coordinator for the office and facilitator of mediation sessions for the Commission on Common Ownership Communities.

Investigator Miller was a former member of the Maryland Collection Agency Licensing Board and her greatest passion is educating consumers on using credit wisely and protecting themselves during harsh economic times.



**John Lewis, Investigator**, came to the Office of Consumer Protection from the Department of Housing and Community Affairs (DHCA) where he worked for 15 years as a Housing Code Enforcement Supervisor and Landlord and Tenant Investigator. John is a graduate of the University of Maryland and prior to joining DHCA, he was a licensed home improvement contractor. John's years of housing construction and regulatory experience are beneficial when investigating complaints involving home warranties and home improvements, including HVAC, electrical, and plumbing

issues. Outstanding, thorough, attentive and professional: that's how consumers he's helped have described John.



**The OCP staff** of 20 includes six attorneys and a certified automotive technician. Three members of our staff are fluent in Spanish. Several are certified by the judicial system as experts in their fields qualified to testify in court on cases involving their specialties. OCP is fortunate to also have a team of dedicated English and Spanish speaking volunteers and interns. Seventeen volunteers contributed approximately 2,500 hours in FY '09, working with OCP investigators and enabling OCP to "leverage" our ability to be productive.

Some changes occurred to staff during, upon the conclusion of, and shortly after FY '09, with Sheila Hayes, Sue Rogan, Kathy Schaeffgen, and Linda Silverman leaving OCP.

## OCP STAFF

- Lorena Bailey, Investigator**
- Lisa Brennan, Investigator**
- Peggie Broberg, Admin. Aide**
- Marsha Carter, Operations Admin.**
- John Creel, Investigator**
- Peter Drymalski, Investigator**
- Eric Friedman, Director**
- Virginia Foronda, Program Specialist**
- Sheila Hayes, Sr. Exec. Admin. Aide**
- Evan Johnson, Programs Admin.**
- John Lewis, Investigator**
- Sharon Margolis, Investigator**
- Joy Matthews, Investigator**
- Nellie Miller, Investigator**
- Doug Numbers, Investigator**
- Pam Prather, Program Specialist**
- Sue Rogan, Investigator**
- Kathy Schaeffgen, Admin. Aide**
- Linda Silverman, Admin. Aide**
- Bernie Vega, Investigator**
- Ralph Vines, Programs Admin.**



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